
ANNUAL GOVERNANCE STATEMENT

Purpose of Report

1. To approve the Council's draft Annual Governance Statement.

Information and Analysis

2. The Accounts and Audit Regulations 2015 require local authorities to prepare, approve and publish, each year, an Annual Governance Statement.
3. The Annual Governance Statement must be signed by the Leader of the Council and the Managing Director and is a key corporate document involving a variety of people charged with delivering governance such as the Assistant Director Resources i.e. the financial officer responsible for the accounting control systems and records and the preparation of the Statement of Accounts and the Assistant Director Law and Governance as Monitoring Officer in meeting his statutory responsibilities.
4. The Annual Governance Statement for 2017/18 is attached at **Appendix 1**. It outlines the Council's responsibilities, explains the purpose of the governance framework, sets out the key elements, details the review of its effectiveness, highlights any significant governance issues and includes a commitment by the Leader of the Council and the Managing Director to ensure the continuous improvement of the system in place.

Recommendation

5. It is recommended that the draft Annual Governance Statement at Appendix 1 be approved.

Reasons

6. The recommendation is supported as it comprises part of the Council's corporate governance arrangements.

Paul Wildsmith
Managing Director

Background Papers

- (i) CIPFA/SOLACE Publication(s) – ‘Delivering Good Governance in Local Government – Framework and Guidance Note, 2016 Editions’.
- (ii) CIPFA Statement on the Role of the Chief Financial Officer in Local Government.
- (iii) CIPFA Statement on the Role of the Head of Internal Audit in Public Service Organisations.
- (iv) Audit Services’ Annual Report 2017/18 reported to Audit Committee July 2018.
- (v) Annual Audit Letter reported to Audit Committee December 2017 and Cabinet January 2018.
- (vi) Report on Annual Review of System of Internal Audit reported to Audit Committee July 2018.
- (vii) Progress reports on Xentrall Audit Plan to Audit Committee March 2017 and September 2017.
- (viii) Overview Report on Managers Assurance Statements reported to Audit Committee July 2017.
- (ix) Risk Management Reports to Audit Committee July 2017 and December 2017.
- (x) Corporate Health and Safety Report to Audit Committee September 2016.
- (xi) Darlington Borough Council ICT Strategy 2017.
- (xii) ICT Strategy Progress Reports to Audit Committee September 2017 and March 2018.
- (xiii) Information Governance Programme Progress Reports to Audit Committee September 2017 and March 2018.
- (xiv) General Data Protection Regulations (GDPR) Compliance Programme Report to Audit Committee December 2018.
- (xv) Corporate Governance Update Report to Audit Committee July 2016.
- (xvi) Anti-Fraud and Corruption Arrangements Reports to Audit Committee March 2017.
- (xvii) Audit of Accounts Report to Audit Committee July 2018.
- (xviii) Revenue Budget Monitoring Reports to Cabinet November 2017 and February 2018.

- (xix) Project Position Statement and Capital Programme Monitoring Reports to Cabinet November 2017 and February 2018.
- (xx) Performance Management Framework Reports to Scrutiny Committees.
- (xxi) Prudential Indicators and Treasury Management Reports to Audit Committee December 2017 and January 2018 and to Council January 2018.
- (xxii) Annual Review of Significant Partnerships Report to Audit Committee July 2017.
- (xxiii) Xentrall Shared Services Annual Report to Cabinet July 2017.
- (xxiv) Ethical Governance and Member Standards Report to Audit Committee September 2017 and March 2018.
- (xxv) Children's Services Update on Improvement Report to Cabinet April 2017 and to Audit Committee December 2016.
- (xxvi) Children's Services Improvement Review Letters from the Minister of State for Children and Families to the Leader of the Council dated 15 June 2016 and 30 January 2017.
- (xxvii) Ofsted Letters following monitoring visit of Darlington Borough Council's Children's Services in October 2016, February 2017 and June 2017.
- (xxviii) Senior Management Restructure Report to Council January 2018.
- (xxix) Equality Policy And Objective 2018-22 Report to Cabinet March 2018.
- (xxx) Darlington Borough Local Plan 2016-36: Housing Targets and Local Plan Timetable Reports to Cabinet and Council January 2018.
- (xxxi) Corporate Plan and Performance Framework Report to Council November 2017.
- (xxxii) Investment Opportunities - Update and Request to Increase the Fund report to Cabinet February 2018.
- (xxxiii) Better Care Fund 2017-18 and 2019-19 Report to Adults and Housing Scrutiny Committee Feb 2018
- (xxxiv) Adult Social Care Transformation Programme Report to Adults and Housing Scrutiny Committee April 2018.

S17 Crime and Disorder	There are no specific issues which relate to crime and disorder.
Health and Well Being	Apart from improvement actions in response to the Ofsted Report on Children's Services there is no specific health and well being impact.
Carbon Impact	There is no specific carbon impact.
Diversity	There is no specific diversity impact.
Wards Affected	All wards are affected equally.
Groups Affected	All groups are affected equally.
Budget and Policy Framework	The report does not affect the budget or policy framework.
Key Decision	This is not a key decision.
Urgent Decision	This is not an urgent decision.
One Darlington: Perfectly Placed	The Council's governance arrangements and achievements underpin deliver of the strategy.
Efficiency	Apart from improvement actions in response to the Ofsted Report on Children's Services there is no specific efficiency impact.

ANNUAL GOVERNANCE STATEMENT

Scope of Responsibility

1. Darlington Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
2. In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.
3. The Council has approved and adopted a Local Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government, the 2016 Edition. A copy of the Code is on our website at www.darlington.gov.uk or can be obtained from:

Democratic Services
Resources Group
Town Hall
Feethams
Darlington
DL1 5QT
Tel (01325) 405995
4. This Statement explains how the Council has complied with the Code and also meets the requirements of the Accounts and Audit Regulations 2015 in relation to the publication of an annual governance statement.

The Purpose of the Governance Framework

5. The governance framework comprises the systems and processes and culture and values, by which the Council is directed and controlled and through which it accounts to, engages with and, where appropriate leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.
6. The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the

likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.

7. The governance framework has been in place at the Council for the year ended 31 March 2018 and up to the date of approval of the Statement of Accounts.

The Governance Framework

8. The key elements of the Council's governance framework are tabulated in Appendix A to this statement which also indicates their relevance to the following seven core principles that underpin good governance:-
 - (a) Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
 - (b) Ensuring openness and comprehensive stakeholder engagement.
 - (c) Defining outcomes in terms of sustainable economic, social and environmental benefits.
 - (d) Determining the interventions necessary to optimise the achievement of the intended outcomes.
 - (e) Developing the entity's capacity, including the capability of its leadership and the individuals within it.
 - (f) Managing risks and performance through robust internal control and strong public financial management.
 - (g) Implementing good practices in transparency, reporting, and audit, to deliver effective accountability.
9. Each key element, as detailed in the Council's Local Code, has a nominated lead officer, outlines the duty to which it relates and includes three discrete types of action:-
 - (a) Awareness - making sure that everyone who needs to know about the element does know.
 - (b) Monitoring - ensuring that the duty is carried out.
 - (c) Review - actions to ensure that the element is reviewed in the light of effectiveness and emerging good practice.
10. The governance framework continually evolves to embrace new areas of service and the associated controls, and also to encompass regulatory reviews/recommendations and the Council's financial management arrangements that conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government. The governance

arrangements also conform to the requirements of the CIPFA Statement on the Role of the Head of Internal Audit in public service organisations.

Review of Effectiveness

Background

11. The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by an Assurance Framework, documented in Appendix B, that includes the work of the executive managers within the Council who have responsibility for the development and maintenance of the governance environment, the Annual Internal Audit Report, and also comments made by the external auditors and other review agencies and inspectorates.
12. This Statement has been prepared by a management group that has responsibility for evaluating assurances and the supporting evidence. The group comprises the:-
 - (a) Chief Executive
 - (b) Director of Neighbourhood Services and Resources (S151 Officer)
 - (c) Assistant Director Law and Governance (Monitoring Officer)
 - (d) Assistant Director Finance and Human Resources
 - (e) Head of Strategy, Performance and Communications
13. The Audit Committee is responsible for the independent review and approval of the Annual Governance Statement following examination of the supporting evidence.
14. Assurance on adequacy and effectiveness is outlined under the following categories identified in the Council's Assurance Framework.

Senior Management Restructure

15. On 25 January 2018 Council agreed to implement a range of proposals as part of a senior management restructure signalled in earlier reports that result in a revenue saving over the Medium Term Financial Plan (MTFP).
16. It was agreed the Chief Executive will retire from the Council on the 31 May 2018 and the positions of Chief Executive and Director of Neighbourhood Services and Resources will be merged into one Managing Director role.
17. Beneath this role will be two Directors; one covering Place functions and one People. For the Director of Children and Adults Services there was minimal change. The Director of Economic Growth will assume responsibility for neighbourhood group of services along with his existing portfolio.
18. The Assistant Director for Finance, Human Resource Management and Systems would assume responsibility for Section 151 Chief Financial Officer role along with corporate strategy, performance and communication functions with the post

renamed Assistant Director Resources and there would be some minor restructuring to facilitate this.

19. The changes proposed are estimated to offer the Council, allowing for the costs of implementation, annual revenue saving of approximately £171,000 each year, with a saving of around £464,000 over the life of the MTFP.

External Regulatory Reviews

20. A routine inspection by the Office for Standards in Education, Children's Services and Skills (Ofsted) of services for children in need of help and protection, children looked after and care leavers, was performed between 23 June and 16 July 2015. The inspection report subsequently published on 1 September 2015 gave Darlington an overall judgement of inadequate.
21. Several mechanisms were put in place to drive improvements across Children's Services as required by Ofsted and the Department for Education (DfE). Since that time work has continued and improvements have been made.
22. Ofsted had undertaken five monitoring visits, in line with the framework for monitoring and re-inspecting Local Authority Children's Services judged inadequate. The final monitoring visit was in September 2017.
23. In their letters, published one month after each visit, Inspectors noted improvements made and areas for continued development.
24. Workforce stability had greatly improved with a high level of engagement by senior managers with social work teams. Children are experiencing fewer changes in social work and are better able to develop positive relationships with them. Caseloads are more manageable and have reduced on average to 18. New technology is supporting agile working. This is helping social workers to focus more on direct work with children and their families.
25. A DfE review took place on 28 June attended by the DfE Link Officer, and the Independent Chair of the Children's Services Improvement Board. During this review they met with a range of social workers and managers as well as stakeholders, to discuss their progress and work to date.
26. Feedback was positive, with the review team praising the improvement progress to date, and acknowledging the continued improving morale of the workforce. This usually results in a letter from the Minister for Children. However the Council were informed that the Minister was taking a more risk based approach and is writing to those councils giving greater concern, and that Darlington will therefore not receive a letter.
27. On the 26 February 2018 Ofsted commenced the four week re-inspection of children's services. The focus of the inspection was;
 - Children who need help and protection.
 - Children looked after and achieving permanence.

- Adoption Performance
 - Experiences and progress of care leavers
 - Leadership, management and governance.
28. Ofsted published their findings report on 21 May 2018, which cites considerable improvements since 2015. The report concluded that overall Children's Services in Darlington have improved considerably from a position of inadequate in 2015 to now being requiring improvement to be good.
29. Within the overall judgement, Ofsted concluded the following three graded domain judgements and two sub domain judgements:
- (a) Children who need help and protection – **Requires improvement to be good** (Inadequate at 2015 inspection).
 - (b) Children looked after and achieving permanence – **Requires improvement to be good** (Requires improvement to be good at 2015 inspection).
 - (i) Adoption performance – **Good** (Good at 2015 inspection)
 - (ii) Experiences and progress of care leavers – **Good** (Good at 2015 inspection)
 - (c) Leadership, management and governance – **Requires improvement to be good** (Inadequate at 2015 inspection).

Corporate Planning and Performance Management Framework

30. The focus of the Council's corporate planning process is on delivery of priorities within the Sustainable Community Strategy (SCS), One Darlington Perfectly Placed, and the three conditions considered necessary to bring about delivery of the vision:
- (a) Strong Communities – enabling people to live fulfilling lives with less involvement from public services.
 - (b) Every Public Pound Well Spent – maximising the value from all public expenditure.
 - (c) Growing the Economy – generating income streams, employment and opportunities.
31. The foundation of the planning process is the SCS which was refreshed in 2013/14. Delivery of the SCS is via a series of underpinning Strategies, Delivery Plans and ultimately individual Performance Development Reviews. A Performance Management Framework (PMF) accompanies the planning regime and is based on a suite of performance indicators with targets and actions relevant to the locally determined outcomes described within the SCS.
32. The Corporate Plan (2017-21) was approved by Council in November 2017 and provides a clear link between the SCS and the corporate policy framework, and includes a range of measures of success that are grouped into target and tracker indicators.
33. The Council's Performance Management Framework provides for electronic calculation of performance indicators, together with the review of data entries.

Indicators are grouped into four main categories; strategic, delivery, corporate health, and change programme. Training is provided to users of the Performance Management Framework.

34. Regular monitoring takes place at monthly meetings at service level, and at quarterly Performance Clinics with the Chief Executive and senior managers. Key performance indicator performance is also monitored by Scrutiny Committee Chairs and Vice Chairs, and in 2016/17 it was agreed an additional level of performance monitoring would be implemented in 2017/18 by submission of an agreed basket of key performance indicators to the relevant scrutiny committees.
35. Following the appointment of a Performance Manager, data quality and the performance management framework (process and system) was reviewed during 2017/18.

Transformation Programme

Childrens Transformation

36. The focus of the Children's transformation programme continues to be centred on achieving savings as determined by the MTFP and improvements to service delivery. The programme has been reviewed and additional projects have commenced with the view to preventative work and reducing costs of looked after children's placements.

Adults Transformation

37. The Adults programme continues to be focused on developing a modern and sustainable operating model that is best placed to respond to the challenges and maximise the opportunities that face the sector. A central theme of the programme is the adoption of strength based approaches that prevent, reduce and delay the need for formal support. This approach promotes the independence and quality of life of adults living in our communities, while ensuring that resources are deployed in a way that supports the delivery of the MTFP.
38. The Adults programme is centred on the delivery of four strategic themes: managing demand, maximising independence, self- directed support and a cost effective and sustainable market. The programme seeks to deliver these themes by adopting and embedding 'best in class' practice models.

Education Transformation

39. A specific transformation programme for education services has recently been established. The programme seeks to develop high standard educational opportunities for all and ensure that the needs of vulnerable pupils are met. A key element of the programme will be developing a modern approach to the local authority role in education by driving change through strategic influence, highly effective partnership arrangements and collaborative networks. The focus of the programme is on SEND service improvement, including a review of high needs

provision, education for children in care and partnership arrangements with schools.

40. Delivery of all three internal programmes are monitored via a Transformation Board, with monthly meetings and monthly reporting on progress in terms of delivery and financial savings.

BCF

41. Darlington has a shared, agreed vision for a sustainable health and social care economy articulated in the Health and Wellbeing Plan, and derived from the sustainable community strategy One Darlington: Perfectly Placed, which serves as Darlington's Health and Wellbeing Strategy.
42. The BCF (BCF) Plan 2017/19 builds on foundations laid in 2015/16 and 2016/17 in the areas of unplanned hospital admissions avoidance in 65+, a joint approach to discharge management, reablement and intermediate care services, improving health in care homes, and building a robust community and universal services offer in support of managing demand into the future. It is a key delivery mechanism for the "Ageing Well" objectives of the Health and Wellbeing Plan, reviewed in 2017 and adopted by the Health and Wellbeing Board in October. The BCF delivery plan also integrates with the Better Health Programme "New Models of Care".
43. The BCF is pooled under a section 75 agreement, and overseen by the Pooled Budget Partnership board, which refreshed its terms and conditions this year. Delivery is overseen by a Delivery Group comprising Darlington Clinical Commissioning Group (CCG) and the Council, and a Transfers of Care Delivery Group, which has a membership including County Durham and Darlington Foundation Trust (CDDFT), CCG and the Council. A joint Commissioning Group has also been established to explore areas for closer alignment between the Council and Darlington CCG. Key areas of work this year:
 - A primary prevention approach has been trialled (social prescribing), and will inform a care navigation service to be delivered in 2018/19. Allied to this is the development and provision of a comprehensive directory of community and universal resources for Darlington (<https://livingwell.darlington.gov.uk/>), allowing people to find their own provision, and for first points of contact, care navigators and other advocacy services to find suitable options for people below the eligibility or treatment threshold.
 - Significant work to review and improve reablement and intermediate care provision. An external review commissioned in 2016/17 paved the way for a new operating model being delivered as a key pillar of BCF 2017 – 19 and intended to address, among other objectives, the relatively poor performance of Darlington on the effectiveness of reablement.
 - The Local Authority and health partners have been working together on discharge planning and improved patient flow, while continuing to perform extremely well against the key metric of "delayed discharge of care".

Additional Improved BCF Grant

44. An additional Improved BCF Grant (iBCF) was announced in the 2017 budget, providing an additional £2,192,117 in 2017/18, with a further £1,425,577 in 2018/19 and £707,667 in 2019/20. The grant is subject to conditions which, in summary, are that the grant may only be used for the purposes of meeting adult social care needs, reducing pressures on the NHS, including supporting more people to be discharged from hospital when they are ready, and ensuring that the local social care provider market is supported.
45. The new grant funding has been used to offset expenditure on current pressures and demand to ensure sustainability while the service undergoes transformation, also funded through iBCF. This will reduce the immediate ASC budget pressure and achieve a more financially stable position for ASC in the medium term when a transformed service can operate sustainably within its resources. The Council was required to submit a template plan, agreed jointly with the CCG, in respect of iBCF to Department for Communities and Local Government (DCLG) on July 21 and met this deadline.

Health and Safety Policy

46. The Health and Safety at Work Act 1974 (HASAWA) places a duty on employers to prepare a health and safety policy statement detailing the organisations health and safety arrangements and revise the policy as often as is appropriate.
47. A full review of the Corporate Health and Safety Policy has been carried out in 2017/18. The review has allowed the opportunity to reflect the priority the Council places on health and safety and the commitment of elected members and senior management.
48. The Policy has been issued to staff through the Academy 10 e-learning system, and paper copies have been given to employees without access to a work computer, along with a Toolbox Talk to ensure they understand the requirements of the Policy.
49. In addition the Council's General Statement of Intent has been revised and posters have been displayed at numerous locations throughout the organisation.

Equalities Policy

50. Following extensive consultation the updated Equalities Policy and objective (2018-22) was approved by Cabinet on 6 March 2018. The new objective is "To remind all Members and staff of their duties under the Equality Act 2010, demonstrate how the Council has done this via training and engagement with services users and support organisations, and publicise the differences that this work has made." The policy covers a four year period with a delivery plan being implemented during 2018/19.

Darlington Borough Local Plan 2016-36

51. In January 2018 Council approved a revised timetable and process for producing the new Local Plan (including the revision of the Local Development Scheme) i.e. the Local Development Scheme (2018-2021).
52. In January 2018 Council also approved a housing need of 422 dwellings per annum for the period of the plan, 2016 to 2036, equating to 8,440 dwellings in total and a planned housing target of 492 dwellings per annum or a total of 9,840 dwellings over the Plan period which will ultimately inform the housing site allocations in the new Local Plan.
53. An up-to-date Plan is essential to meeting the development needs of the Borough and ensuring the Council can shape and are in control of development. The new Local Plan will cover the period 2016 to 2036. The ambition is to prepare a Local Plan to be submitted for inspection in 2018 (with adoption likely in 2019).

Managers' Assurance Statements

54. Annual Managers' Assurance Statements (MAS) are an integral part of the framework that supports production of the Annual Governance Statement.
55. The Statements cover key aspects of the internal control environment on which assurance is required and were completed by all Assistant Directors and endorsed by the appropriate Director. The output from the exercise was reported to the Audit Committee in July 2018.
56. Generally the review of the 2017/18 MAS has identified an overall positive position. All of the identified improvement themes are to be progressed by Assistant Directors during the 2018/19 financial year.
57. Other matters raised in the 2017/18 MAS included ensuring inventories are up to date, robust information governance arrangements are in place, providing training on equalities and the Council's anti-fraud and corruption arrangements and reviewing health and safety arrangements.

Financial Management

58. The Council's MTFP now incorporates a four-year financial plan. The Council sets its annual revenue budget, capital programme and council tax and treasury management strategy within this wider planning framework. The Medium Term Plan, annual budgets and council tax are developed in consultation with partner organisations in all sectors, residents and employees and are approved by full Council.
59. The Council continues to face a significant financial challenge and since 2010 has agreed reductions in planned expenditure in real terms of over £46m. The Local Government Finance Settlement for 2018/19 has further reduced comparable government funding by £42.4m in real terms since 2010/11 and projected to rise to £51m by 2021/22.

60. The Council undertook a significant consultation exercise in 2016 following an in-depth and detailed review of all services which resulted in the agreement of a Core Offer budget by Council on 29 June 2016.
61. The Core Offer budget remains extremely challenging with additional pressures having risen and a number of savings still to be delivered over the life of the MTFP. Nevertheless, through innovative financial investments, increased income and release of redundant earmarked reserves, the Council can still deliver the agreed balanced MTFP and extend the MTFP, and have also identified £4.1m to add to the Futures Fund for investment in services across the life of the MTFP.
62. The MTFP is continually monitored and reviewed by officers and Members and is revised at least annually when an updated rolling four-year plan is produced.
63. Responsibility for controlling and managing budgets is delegated to directors and devolved to service managers. Financial management is closely integrated with service management and a quarterly update is taken to Cabinet and Efficiency and Resources Scrutiny Committee to enable them to monitor and scrutinise financial performance and service delivery.
64. The Council must comply with external financial reporting requirements, including publishing an annual Statement of Accounts ('the Accounts') and reporting to Central Government and other funding providers. The Accounts, which are prepared in accordance with relevant legislation and codes of practice, are approved by the Council's Audit Committee and are independently audited.
65. The Council's cash-flow, borrowing to finance capital expenditure and investments are managed through the Treasury Management Strategy, approved by full Council, and in accordance with legislation and codes of practice. The strategy and associated policies and procedures were reviewed in 2018. The Council manages its investments to minimise risk of losses, ensure funds are available when needed and achieve interest income.
66. Governing Bodies have formal responsibility for financial management within schools. A Schools Financial Value Standard (SFVS) has been designed by the Department for Education (DfE) to assist schools in managing their finances and to give assurance that they have secure financial management in place. The Governing Bodies of each local authority maintained school are required to undertake a self- assessment annually against the SFVS and send a copy, signed by the Chair of Governors, to the Local Authority Finance Division. All returns for 2017/18 have been received and overall they reflect a positive position. Any remedial actions considered necessary are detailed together with an appropriate implementation date. The SFVS returns are used by the Local Authority to inform their programme of financial assessment and audit.

Counter Fraud

67. The Council's Anti-Fraud and Corruption Strategy reflects a zero tolerance approach and is based on a series of comprehensive and inter-related policies

and procedures designed to deter, frustrate, or take effective action against any attempted fraudulent or corrupt acts.

68. The counter fraud arrangements are subject to annual review and the revised strategy was reported to the Audit Committee in March 2018. The review included self-assessments against the 'CIPFA Code of Practice on Managing the Risk of Fraud and Corruption' and the 'Local Government Counter Fraud and Corruption Strategy 2016-19' checklists; a summary of reported suspected frauds and whistle blowing cases; and an update on the National Fraud Initiative.
69. The review concluded that the Council's arrangements remain appropriate and fit for purpose when compared to national good practice guidance and that overall the number of reported frauds and whistle blowing cases remains low. However, the Council is not complacent and the position will be kept under review.

Risk Management

70. Risk is one of the elements of information incorporated into the Council's service planning process. Risk management is, therefore an essential element in establishing policy, developing plans and enhancing operational management.
71. The risk management process involves identifying, analysing, managing and monitoring risks. The identification of risks is derived from a 'top down' (corporate) and a 'bottom up' (group) process of risk assessment and analysis resulting in coverage of the whole Council. The process prioritises the risks resulting in a focus upon the key risks and priorities. The risks are managed through the development of appropriate action plans, allocated to responsible officers.
72. The approach to, and the outcomes from, the Council's risk management processes for 2017/18 were reported to the Audit Committee in December 2017. The report detailed generally positive progress upon delivery of action plans to mitigate key risks including those relating to the delivery of the Children's Services Improvement Plan and the information governance agenda, areas that are mentioned in more detail elsewhere in this statement.
73. The report also outlined advances in the management of operational risks. The organisation now has over 70 health and safety champions who receive appropriate training and meet regularly with senior management. The champions play a key role in raising awareness, monitoring work practices and communicating health and safety messages. In addition, the Health and Safety Team have continued to work with service managers to develop and review risk assessments and safe systems of work and there is a full programme of health and safety management training delivered internally.

ICT

74. The Council's ICT Strategy focuses on three strategic priorities, namely ICT Governance and Service Development; ICT Strategic Architecture and Council Service Development and Transformation.

75. Implementation of the Strategy is led by the Chief Officers Board, chaired by the Director of Neighbourhood Services and Resources, acting as the Systems and Information Governance Group (SIGG). SIGG is tasked to produce six-monthly reports on implementation progress to the Audit Committee.
76. The progress report to the Audit Committee in March 2018 documented positive progress on each of the three key programmes. This included reference to:
- The completion of the significant ICT elements of the refurbishment of the Hippodrome Theatre and Hullabaloo.
 - The seamless replacement of the main switches at the network core.
 - Further investigation and preparations on the future of desktop services, including piloting Microsoft Office 365 and upgrading all users to Office 2013 as a precursor to wider 365 roll-out.
 - Assisting colleagues in Xentrall Finance with a major upgrade to the Council's financial management system; Business World On (previously named Agresso).
 - Renewing the Printer/Copier maintenance contract with Canon.
 - Simplifying the Council's ICT architecture with the removal of Citrix services.
 - Improvements to the anti-virus systems.
77. As regards Council Service Development and Transformation, the Council's Systems and Information Strategy complements the ICT Strategy by ensuring that investment in service based ICT systems is correctly targeted, whilst the ICT Strategy is concerned with corporate systems and underpinning ICT architecture. Development and delivery of the Systems and Information Strategy is by SIGG who approve the work programme requested of the ICT Service, thereby ensuring that this finite resource is correctly targeted to meet the objectives of the Council as a whole.

Information Governance

78. The Council has an Information Governance Work Programme shaped by a number of external information assurance requirements that represent good practice and have common objectives, namely compliance with information related legislation, approval to use essential external party systems and services and improvement in service delivery.
79. Implementation of the Programme is led by the Systems and Information Governance Group (SIGG) which is tasked to produce six-monthly reports on implementation progress to the Audit Committee.
80. The update report to the Audit Committee in September 2017 noted the Council had recently appointed a Data Protection Officer (DPO) in line with the new General Data Protection Regulations (GDPR) and work to develop a GDPR compliance programme was on-going. It also noted the progress made in relation to service based information risk assessments and associated action plans and achieving our target for the completion of on-line mandatory information governance training courses. It made reference to the face-to-face information security and governance update sessions that had taken place with senior

management teams and sighted the continued adoption of the corporate secure information sharing and collaboration system across services.

81. In December 2017, at Audit Committee's request, a specific report providing an overview of the General Data Protection Regulations (GDPR) and the Council's progress to date in preparing for implementation was considered. In addition to considering what the Council needed to do in order to implement the Information Commissioner's Office's (ICO's) 12 steps, the report noted the DPO was assessing the Council's position as part of the GDPR compliance programme. Details of the areas of work identified and the Council's position/progress was detailed in an appendix to the report.
82. The update report to the Audit Committee in March 2018 noted the areas of highest priority in the information governance programme were the delivery of the compliance programme for GDPR and connection to the Health and Social Care Network (HSCN). The report went on to note the Council had made steady progress against the GDPR compliance programme including the DPO undertaking an extensive awareness raising campaign; issuing advice to the Head of Procurement and Principal Lawyer (Commercial) regarding the updates required to the Council's Tender Documentation and Special and Standard Contract Terms and the Contract Particulars to ensure they comply with the GDPR; embedding the requirement to seek GDPR advice into the Council's existing project management process, ICT procurement documentation and the committee report approval process and making significant progress in compiling a comprehensive record of its processing activities, following the approval of the Information Asset Register (IAR) template by the Systems and Information Governance Group (SIGG) on 16 November 2017. Full details of progress against the GDPR compliance programme were again contained in an appendix to the report. The report also detailed the fact the Council has been given approval to connect to the HSCN and it was anticipated the connection would be activated in April 2018; allowing 'seamless' sharing of information between the Council and the Health Service to improve the effectiveness and efficiency of the provision of social care services.

Capital Project Management

83. The Council has an established dedicated Capital Projects Team that operates to a consistent capital project management methodology. Any significant projects are assigned to the Capital Projects Team for delivery.
84. In addition, the Asset Management and Capital Programme Review Board (AMCPRB) perform a strategic gate-keeping role on capital projects and considers their governance arrangements. The Board is chaired by the Director of Neighbourhood Services and Resources with membership from chief officers with responsibility for capital projects, Council assets and those with specific technical, financial and legal expertise to add value to challenge and monitor the programme.
85. The Capital Projects Team has responsibility for the coordination of a Project Position Statement (PPS). The PPS provides a single source of key information

relating to the Council's commitments on capital projects and programmes monitoring projects that deviate from agreed tolerances in relation to time, cost or quality to enable proactive management. The PPS is reported to the AMCPRB at every meeting and quarterly to Cabinet.

86. Further enhancement to the project management systems are underway and a proprietary system is being considered within Xentrall's ICT Work Programme. Procurement is expected in 2018/19 and once installed and tested a roll-out will be scheduled with a refresh of the methodology and training on use of the electronic system.

Internal Audit

87. The Council's Internal Audit Division operates to the UK Public Sector Internal Audit Standards (PSIAS) and Local Government Application Note.
88. The Annual Internal Audit Plan is risk-based and sets the foundation for an objective review of key controls and procedures operating within the Council. The Audit Committee approves the Annual Internal Audit Plan and receives progress reports against the Plan during the year, including any significant matters arising or other issues of concern, and Internal Audit's Annual Report.
89. Internal Audit concluded in their Annual Report for 2017/18, reported to the July 2018 Audit Committee, that overall the Council continues to operate within a control environment that is generally sound.
90. A Shared Internal Audit Service with Stockton Borough Council commenced on 1 April 2017, following the agreement of both Councils. The intention was to future proof the important functions that the service provides while enabling a saving to be achieved, not least in management costs. In particular, the arrangement will enhance the resilience of the service.
91. The Audit Charter and Audit Plan 2018/19 for the Internal Audit Shared Service were approved at the March 2018 Audit Committee and its Quality Assurance and Improvement Process was noted.

Annual Review of the Effectiveness of the System of Internal Audit

92. An annual review of the effectiveness of the Council's system of internal audit was carried out by Middlesbrough Council Internal Audit Service as agreed by Audit Committee in March 2018. The findings of the review were considered by the Audit Committee in July 2018.
93. The review team concluded that the Council has an effective system of internal audit.

Xentrall-Shared Service Partnership

94. A shared service partnership was established in May 2008 with Stockton Borough Council for the provision of ICT, Transactional Finance and HR and Print and Design. Stockton Borough Council is the host authority.
95. The partnership is now in its tenth year of the original ten year agreement. The original business case identified a number of efficiencies and developments to be delivered and initial savings of £7.4m over the original ten year period. Xentrall has delivered all of these plus additional efficiencies and benefits and is now on target to deliver £13.6m savings over the same time period. At the same time the quality and performance of services have improved, with both customer and staff satisfaction increasing.
96. As a result of the ongoing success of the partnership in achieving savings and sustaining service performance, Cabinet, in April 2015, approved a variation to the original ten year agreement making it a continuing agreement with no defined end date but retaining the 12 month notice termination clause.
97. The internal audit of the partnership is undertaken by Stockton Borough Council and the outcome from the audit work carried out is reported quarterly to the Darlington Audit Committee. The overall position on audit assurance opinions for 2016/17 was positive.

Partnership Working

98. In March 2007, Cabinet adopted a partnership working toolkit to provide a means to ensure that the Council's resources were effectively employed, the performance of each partnership was monitored and adequate governance arrangements were in place. As part of the toolkit, a clear definition of a partnership and those classed as significant was documented and this included whether the arrangement was a major contributor towards achieving the Community Strategy objectives. The toolkit that comprises a questionnaire is completed by the Council Lead Officer for each partnership.
99. There are annual reviews of significant partnerships led by the Darlington Partnership Director based upon completed questionnaires. The outcomes from the latest review were reported to the Audit Committee in July 2018.
100. The report summarised the range of partnership working undertaken by the Council and generally, an overall positive position on outcomes and governance arrangements was depicted.
101. Partnership Lead Officers recognise and accept that ensuring governance arrangements remain relevant is an ongoing process. For example, Terms of Reference are reviewed periodically to ensure that they remain fit for purpose and risk registers are regularly updated to reflect emerging risks and changes in circumstances.
102. The toolkit has been effective in identifying high level concerns of the significant partnerships. Reduction in funding and the consequent effect on capacity are the predominant issues raised by Lead Officers that have potential implications for the

effective operation of the partnerships. Each partnership is monitoring this issue closely.

Joint Ventures

103. The Council is investor and shareholder of a joint venture company delivering a small housing development following approval by Cabinet on 8 November 2016. Cabinet approved extending the scope of its joint venture working with a further development at Stag House Farm to be delivered on a joint venture basis with a private housing developer.
104. The risks and governance safeguards in place with respect to joint venture working include internal and company audits, restriction on banking facilities, monthly progress reports and quarterly board meetings. Further details are contained in the Assurance Framework at **Appendix B** of this report.

Member Standards

105. In 2017/18 there were four complaints received against Members.
106. The 2017/18 figure includes complaints concerning both Borough Council and Parish Council Members. There were two complaints about the conduct of Borough Council Members and two complaints concerning Parish Council Members.
107. This is considered a relatively low number given the number of Members we have, and the range and volume of matters that Members are involved with.
108. The Independent Person continues to be involved at the assessment stage of complaints handling and the process of liaison between her and the Monitoring Officer in considering the initial assessment of complaints is working well. In terms of complaints handling, seven of the complaints were dealt with by other action and one by investigation.
109. The Audit Committee has responsibility for ethical values as part of its remit. This includes reviewing Ethical Health Indicators across a range of activities in order to identify any peaks in activity that could indicate areas of possible concern. Update reports about member standards issues and also ethical indicators were presented to the Audit Committee in September 2017 and March 2018. No particular issues of concern arose from variations in the indicators.
110. Refresher Training sessions on the Code of Conduct were delivered for Members (two sessions were held in July 2017 and further sessions in November and December 2017) in accordance with Mandatory training requirements for Members (training required on the Code of Conduct every two years).
111. Members are reminded to update their register of interests forms on an annual basis. This was referenced at the Code of Conduct training sessions held in 2017. Copies of the current Members Interests were circulated with a Guidance Note to

assist Members to review and update. The updated forms have been published on Council's website.

112. Parish Councils, Members Interests Forms are also published on the Borough Council's website and are updated following co-option of Parish Members.
113. The Monitoring Officer continues to provide advice to Members on interests on an ongoing basis and Members do self-identify their concerns. The Monitoring Officer also raises issues with individual Members ahead of meetings as required. Compliance with the advice given by the Monitoring Officer is good.

Efficiency and Resources Scrutiny Committee


114. Scrutiny forms an important part of the Council's governance arrangements by providing independent examination of executive roles. The Efficiency and Resources Scrutiny Committee has responsibilities for examining the Council's arrangements for financial planning, performance and service delivery, project and asset management and procurement and contracts. The Committee develops and implements an annual work programme to manage its continuing oversight role and undertake specific pieces of work.
115. During 2017/18 the Committee was involved in scrutinising the annual review of the MTFP and held a number of special meetings to consider the proposals made, both for its own areas of responsibility and also responses and detailed work from all other scrutiny committees, from which it made recommendations to Cabinet in February 2018 to inform their deliberations. Efficiency and Resources Scrutiny will continue to lead on scrutinising the budget and MTFP and assist with the implementation and development of the required savings.

External Audit

116. The Council's external auditors Ernst and Young LLP (EY) are expected to give an unqualified opinion on the Council's 2017/18 accounts by the target date of 31 July 2018.
117. The external auditors are expected to issue an unqualified value for money conclusion on the adequacy of the Council's arrangements for ensuring economy, efficiency and effectiveness in its use of resources.
118. EY review the Annual Governance Statement to consider whether it complies with the CIPFA/SOLACE guidance and whether it might be misleading or inconsistent with other information known to them. They are expected to confirm that they found no areas of concern in this context.
119. The auditors are also required to report to management and the Audit Committee any significant deficiencies in internal control identified during their audit. EY have not raised any significant matters in this regard.

Conclusion

120. We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Audit Committee. In conclusion, we are satisfied the Council has robust governance arrangements in place and while there are currently no governance issues we are committed to the continuous improvement of the system.

Signed 
Leader of the Council

Dated 26/7/18

Signed 
Managing Director

Dated 26/7/18

APPENDIX A

Document/Function	Core Principles of Corporate Governance						
	Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	Ensuring openness and comprehensive stakeholder engagement	Defining outcomes in terms of sustainable economic, social and environmental benefits	Determining the interventions necessary to optimise the achievement of the intended outcomes	Developing the entity's capacity, including the capability of its leadership and the individuals within it	Managing risks and performance through robust internal control and strong public financial management	Implementing good practices in transparency, reporting, and audit, to deliver effective accountability
Sustainable Community Strategy		✓	✓	✓			✓
Constitution	✓	✓					✓
Corporate/Service Planning and Performance Management Framework		✓	✓	✓	✓	✓	✓
Communications and Engagement Strategy	✓	✓	✓	✓			✓
ICT Strategy			✓		✓		
Workforce Strategy	✓				✓		
Schedule of Council Meetings		✓					✓
Council Procedure Rules	✓	✓					✓
Record of Decisions		✓	✓	✓			
Partnership Working	✓	✓	✓	✓	✓	✓	✓

Document/Function	Core Principles of Corporate Governance						
	Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	Ensuring openness and comprehensive stakeholder engagement	Defining outcomes in terms of sustainable economic, social and environmental benefits	Determining the interventions necessary to optimise the achievement of the intended outcomes	Developing the entity's capacity, including the capability of its leadership and the individuals within it	Managing risks and performance through robust internal control and strong public financial management	Implementing good practices in transparency, reporting, and audit, to deliver effective accountability
Toolkit							
Code of Conduct for Members	✓	✓					✓
Members Induction and Training Programme	✓	✓			✓	✓	✓
Code of Conduct for Employees	✓	✓					
Officer and Member Protocols	✓				✓		
Confidential Reporting Policy	✓					✓	✓
Code of Corporate Governance	✓	✓	✓	✓	✓	✓	✓
Risk Management Approach				✓		✓	✓
Anti-fraud and Corruption Policies	✓					✓	✓
Capital Projects		✓	✓			✓	

Document/Function	Core Principles of Corporate Governance						
	Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	Ensuring openness and comprehensive stakeholder engagement	Defining outcomes in terms of sustainable economic, social and environmental benefits	Determining the interventions necessary to optimise the achievement of the intended outcomes	Developing the entity's capacity, including the capability of its leadership and the individuals within it	Managing risks and performance through robust internal control and strong public financial management	Implementing good practices in transparency, reporting, and audit, to deliver effective accountability
Methodology							
Information Governance Policies	✓	✓				✓	✓
Procurement Strategy	✓	✓	✓			✓	
Contract and Property Procedure Rules	✓	✓	✓			✓	
Medium Term Financial Plan/Budgets		✓	✓	✓		✓	✓
Treasury Management Framework						✓	
Annual Statement of Accounts		✓				✓	✓
Financial Procedure Rules	✓	✓				✓	✓
Scheme of Delegation		✓			✓		✓
Complaints Process	✓	✓					✓
Equalities Plan		✓	✓	✓			

Document/Function	Core Principles of Corporate Governance						
	Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	Ensuring openness and comprehensive stakeholder engagement	Defining outcomes in terms of sustainable economic, social and environmental benefits	Determining the interventions necessary to optimise the achievement of the intended outcomes	Developing the entity's capacity, including the capability of its leadership and the individuals within it	Managing risks and performance through robust internal control and strong public financial management	Implementing good practices in transparency, reporting, and audit, to deliver effective accountability
Business Continuity Plans		✓				✓	
Health and Safety Policy		✓				✓	✓

APPENDIX B

Assurance Framework

Risk	Assurance Provider	Sources of Assurance	Links to Internal Audit Work Plan	Reporting to Members
Corporate Planning and Performance Management Framework inadequate/ineffective	Chief Officers Executive	<p>Quarterly performance clinics held between the Chief Executive / Managing Director and Assistant Directors.</p> <p>Performance data is gathered from various sources and reviewed by the Assistant Director and relevant Director in advance of the clinics.</p> <p>Clear definitions for indicators are in the process of being established.</p>	Performance indicators are reviewed by Internal Audit when individual service areas are audited.	<p>Quarterly report to Cabinet showing performance indicators (targets and trackers) along with more detailed analysis of two of the eight outcomes associated with the Corporate Plan.</p> <p>Baskets of performance indicators reported to scrutiny groups on a quarterly basis.</p>
Equalities Policy inadequate/ineffective	Chief Officers Board	<p>Indicators relating to equalities to be included in Performance Clinics with Chief Executive / Managing Director.</p> <p>Corporate Equalities Group consisting of equalities advisors (appointed by Assistant Directors) and chaired by Head of Strategy, Performance and Communications will meet quarterly to monitor and</p>	Where appropriate, equalities related performance indicators are reviewed by Internal Audit when individual service areas are audited.	<p>Equalities report to be produced annually by the Corporate Equalities Group.</p> <p>Report to be presented to the Chief Officers Executive and the portfolio holder for Housing, Health and Partnerships.</p>

Risk	Assurance Provider	Sources of Assurance	Links to Internal Audit Work Plan	Reporting to Members
		report on equalities related performance indicators.		
Darlington Borough Local Plan 2016-36 not adopted	External examination by the Planning Inspectorate	Planning Advisory Service Peer review through duty to cooperate PINS advisory service	Local Plan is not currently linked to Internal Audit Plan due to examination processes.	Local Plan development is considered through Member advisory Panel and Place Scrutiny Committee. Submission document and adoption of the plan will need to be considered by Cabinet and Full Council.
Internal Control environment inadequate/ineffective.	Internal Audit	Internal Audit Strategy. Internal Audit's Role and Terms of Reference. Risk based Annual Internal Audit Plan. Internal Audit Reports/opinions and outcomes from consultancy work undertaken.	Internal Audit Strategy. Internal Audit's Role and Terms of Reference. Risk based Annual Internal Audit Plan. Internal Audit reports/opinions and outcomes from consultancy work undertaken.	Internal Audit's Strategy, Role and Terms of Reference and Annual Audit Plan approved by the Audit Committee. Quarterly/Annual Reports to the Audit Committee on progress/outcomes against the Annual Audit Plan. Annual Report includes an overall opinion on the Council's control environment.
The financial position of the Council not presented fairly in the Financial Statements; the Annual Governance	External Audit	Risk based External Audit Plan. External Audit Reports/opinions.	Internal Audit's Annual Audit Plan discussed with External Audit to facilitate External audit planning and minimise the duplication of audit effort wherever possible.	External Audit Plan and External Audit Reports, including the Annual Audit Letter, considered by the Audit Committee. Annual Audit Letter

Risk	Assurance Provider	Sources of Assurance	Links to Internal Audit Work Plan	Reporting to Members
Statement not presented in accordance with relevant requirements; and proper arrangements are not in place to secure economy, efficiency and effectiveness in the use of resources.				considered by Cabinet.
Inadequate provision of services to the people of Darlington.	External Inspection Agencies	External Inspection Agencies' reports.	External Inspection reports reflected upon in the Internal Audit planning process.	External Inspection reports and progress on improvement action plans considered by relevant Scrutiny Committee/Audit Committee/Cabinet/Council.
Business risk processes inadequate/ineffective	Corporate Assurance	Risk Management Approach Corporate/Group Risk Registers.	Annual Audit Plan developed with reference to Corporate/Group Risk Registers. Risk Management function subject to periodic Internal Audit review as part of the cyclical audit process.	Risk Management Approach endorsed by the Audit Committee and approved by Cabinet. Six-monthly/Annual Reports to the Audit Committee on the outcomes from the Council's risk management processes.
Fraud and corruption arrangements inadequate/ineffective.	Internal Audit and Housing Benefits.	Anti-Fraud and Corruption Strategy, Policy, Fraud Response Plan, Anti-Money Laundering Policy and Anti-Bribery Policy and Procedures.	Anti-Fraud and Corruption arrangements, including National Fraud Initiative exercises, administered by Internal Audit.	Fraud related Policies and Strategies approved by the Audit Committee/Council Confidential Reporting Policy approved by Council.

Risk	Assurance Provider	Sources of Assurance	Links to Internal Audit Work Plan	Reporting to Members
		Housing Benefit/Council Tax Anti-Fraud Strategy, Policy and Sanctions Policy. Confidential Reporting Policy. Internal Audit reviews of arrangements. Outcomes from bi-annual National Fraud Initiative exercises. Internal Audit/Housing Benefits case files.	The potential for a service to be susceptible to fraud reflected within Internal Audit's risk assessment model that underpins the annual audit planning process. Internal Audit review of Housing Benefits conducted on an annual basis.	Annual Reports to the Audit Committee on the outcomes from the Council's anti-fraud and corruption arrangements.
Information governance arrangements inadequate/ineffective.	Information Security Section within Xentrall, Complaints and Information Governance Team and External Audit.	Corporate Policy Statement on Information Governance. Employees/Members Guide to Information Security. Information Risk Management process that informs the information governance work programme. COB Agendas/Minutes. Officer/Member Training. Data Quality reflected upon by External Audit in their VFM assessment.	Information Governance/Sensitivity of data is reflected within Internal Audit's risk assessment that underpins the annual audit planning process. Information Governance subject to periodic Internal Audit review as part of the cyclical audit process.	Corporate Policy Statement on Information Governance approved by Cabinet. Six-monthly reports to the Audit Committee on progress with implementation of the information governance work programme. External Audit VFM assessment considered by the Audit Committee and Cabinet.
Internal control environment of relevant areas of Xentrall inadequate/ineffective.	Stockton BC Internal Audit	Risk based Annual Internal Audit Plan. Internal Audit reports/opinions and outcomes from consultancy work undertaken.	Joint working protocol agreed between the Internal Audit Services of Stockton and Darlington to cover Xentrall audits. Copies of all relevant Stockton BC Internal Audit Reports on Xentrall forwarded to	Stockton BC's Annual Audit Plan related to Xentrall considered by the Audit Committee. Quarterly Reports to the Audit Committee on progress/outcomes against the Annual Audit Plan.

Risk	Assurance Provider	Sources of Assurance	Links to Internal Audit Work Plan	Reporting to Members
Local Code of Corporate Governance not implemented.	Corporate Group with responsibility for overseeing the drafting of the Annual Governance Statement.	Local Code of Corporate Governance Local Code individual key documents/functions matrices completed by relevant Lead Officers, covering awareness, monitoring and review actions.	Darlington Internal Audit for information. Internal Audit direct effort annually to validate a sample of evidence to support delivery of awareness, monitoring and review actions detailed on the Local Code individual key documents/functions matrices.	Local Code endorsed by the Audit Committee and approved by Council. Annual Governance Statement considered by the Audit Committee prior to approval.
Grant processes inadequate.	External Audit Internal Audit	External Audit Report on audited Grant Claims. Internal Audit sign-off of relevant Grant Claims.	Grant process arrangements subject to annual review by Internal audit.	External Audit Report on Grant Claims considered by the Audit Committee. Internal Audit Grant Claims work referenced in Quarterly Reports to the Audit Committee on progress/outcomes against the Annual Audit Plan.
Health and Safety practices and processes inadequate/ineffective	Health and Safety Unit	Corporate Health and Safety Policy. Heads of Service Health and Safety Management self assessments and action plans. Risk Assessments Reportable Accident Statistics Outcomes from audits undertaken by the Health and Safety Unit.	Health and Safety function subject to periodic Internal Audit review as part of the cyclical audit process.	Corporate Health and Safety Policy approved by Cabinet. Council's performance on health and safety reported annually to the Audit Committee.

Risk	Assurance Provider	Sources of Assurance	Links to Internal Audit Work Plan	Reporting to Members
		Officer/Member Training.		
Property management arrangements inadequate	Corporate Landlord Function	Corporate Premises Database System and supporting documentation.	Corporate Landlord Function subject to periodic Internal audit review as part of the cyclical audit process.	Property management arrangements included in Council Risk Registers and, as such, included within member reporting arrangements for business risk processes.
Management control in respect of operational aspects of the business inadequate.	Chief Officers Board	Annual signed Assurance Statements from Assistant Directors.	Arrangements administered and outputs scrutinised by Internal Audit.	Annual report to the Audit Committee on the outcomes from the Assurance Statement process.
Capital Project management arrangements inadequate/ineffective.	Asset Management and Capital Programme Review Board	Asset Management and Capital Programme Review Board Agendas/Minutes and supporting documentation.	Project Office function subject to periodic Internal Audit review as part of the cyclical audit process.	Project Position Statement reported regularly to Cabinet.
Partnership governance arrangements inadequate.	Partnership Lead Officers	Annual Partnership Toolkit Questionnaires completed by relevant Council Partnership Lead Officers and supporting documentation.	Partnership Governance Arrangements subject to periodic Internal Audit review as part of the cyclical audit process.	Partnership Toolkit approved by Cabinet. Annual report to the Audit Committee on the operations of significant partnerships.
Joint Venture Housing Investment	Internal Audit DBC Directors Legal Services advice as required	Copies of Company Audit reports Access to Banking facilities Restriction on Banking Facilities without approval of 2 Directors Weekly Sales Report Monthly Progress Report Quarterly Board meeting attended	Joint Venture Arrangements subject to periodic internal audit review and reviewed as part of cyclical audit process	Joint Venture Arrangements included in the Council's risk register and as such included within member reporting arrangements for business risk processes.

Risk	Assurance Provider	Sources of Assurance	Links to Internal Audit Work Plan	Reporting to Members
		by DBC Directors with Legal, Finance and Housing expertise. Shareholders Reserved Matters		
Treasury management arrangements inadequate.	Financial Services	Treasury Management Policy Statement, Strategy, Prudential Indicators and Procedures.	Treasury Management function subject to periodic Internal Audit review as part of the cyclical audit process.	Treasury Management Policy Statement, Strategy and Prudential Indicators considered by the Audit Committee and approved by Council. Treasury Management Procedures approved by the Audit Committee. Regular/Annual Reports to the Audit Committee and the Cabinet on the performance of the Treasury Management function.
Financial management arrangements inadequate/ineffective.	Financial Services	Medium Term Financial Plan. Corporate Budget Setting/Monitoring processes and supporting documentation. Officer/Member Training.	Financial management arrangements subject to periodic Internal Audit review as part of the cyclical audit process.	Medium Term Financial Plan approved by Council. Quarterly Reports to Cabinet on Financial Performance.
Financial management arrangements in local authority maintained schools inadequate/ineffective. Ineffective	School Governing Bodies	Schools annual self assessment returns against the Schools Financial Value Standard (SFVS).	Financial arrangements in schools subject to periodic Internal Audit review as part of the cyclic audit process.	School balances reported to Cabinet quarterly.
	Chief Officers	Chief Officer Executive	Internal Audit	Reports to Cabinet and

Risk	Assurance Provider	Sources of Assurance	Links to Internal Audit Work Plan	Reporting to Members
management of the transformation agenda.	Executive	Agendas/Minutes and supporting documentation.	support/contribute to delivery of the Transformation Programme as relevant.	Scrutiny as appropriate.
Ineffective challenge to the procurement process.	Procurement Board	Procurement Board Agendas/Minutes and supporting documentation.	Procurement process subject to periodic Internal Audit review as part of the cyclical audit process.	Annual Procurement Plan approved by Cabinet.
Ethical health arrangements inadequate.	Legal Services	Member Code of Conduct. Officer Code of Conduct. Member/Officer Training.	Audit Committee reports on ethical indicators reflected upon in the audit planning process.	Members and Officers Codes of Conduct approved by Council. Audit Committee receives reports on ethical indicators.
Lessons not learned from complaints received.	Complaints and Information Governance Team	Corporate, Adult Social Care, Children's Social Care, Housing and Public Health Complaints, Compliments and Comments Procedures. Complaints Records. Ombudsman complaints and outcomes.	Complaints and Ombudsman reports reflected upon in the audit planning process.	Complaints Procedures approved by Cabinet. Annual report to Cabinet on complaints received and the resultant organisational learning. Regular reports to Cabinet on Ombudsman complaints and outcomes.
Inadequate arrangements for the delivery of the Public Health function and responsibilities.	Director of Public Health	Public Health Work Plan. Health and Wellbeing Strategy. Director of Public Health's Annual Report.	Public Health function subject to periodic Internal Audit review as part of the cyclical audit process.	Regular reports to Health and Wellbeing Board and Health and Partnerships Scrutiny Committee.
Ineffective system of internal audit	Senior Group of Officers	Annual Review of the system of internal audit and supporting documentation.	Internal Audit direct effort annually to support the review process.	Annual Review of the system of internal audit considered by the Audit Committee.

